

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

~~THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.~~

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- ~~(a) A prohibition on the right of a franchisee to join an association of franchisees.~~
- ~~(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.~~
- ~~(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.~~
- ~~(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.~~
- ~~(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.~~
- ~~(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.~~
- ~~(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - ~~(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.~~~~

~~(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.~~

~~(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.~~

~~(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.~~

~~(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).~~

~~(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.~~

~~If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.~~

~~**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.**~~

~~Any questions regarding this notice should be directed to:~~

~~State of Michigan
Consumer Protection Division
Attn: Franchise Section
670 G. Mennen Building
Lansing, Michigan 48913
Telephone Number: (517) 335-7567~~

~~Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section in our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.~~

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	5% of Gross Rooms Revenue	10 th day of each month or later day we periodically specify (“Payment Day”) based on Gross Rooms Revenue during previous month	See Notes 1 and 2
Cooperative advertising contributions	Amount Cooperative determines	As Cooperative determines	Payable only if you decide to participate in a Cooperative in your area
World of Hyatt program assessment	Currently 4.5% of eligible revenue or 2.25% of eligible revenue when a guest is enrolled on-property in World of Hyatt for that enrolling stay, but could increase if costs increase, not to exceed our costs plus 5% (this cap may increase by up to 10% each year) . See Note 3	Monthly	See Note 3
Comfort letter fee	Currently \$2,500, but could increase if costs increase, not to exceed \$10,000 (this cap may increase by up to 10% each year)	As incurred	Due for each comfort letter you must obtain

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Quality assurance, franchisee compliance and guest satisfaction programs	Will vary under circumstances, based on the Focused Improvement Policy (“FIP”) or Brand Compliance Program (“BCP”) fees, which currently range from \$5,000 to \$20,000 per each stage of FIP or BCP, as applicable, plus personnel’s related expenses, and the Brand Protection Program (“BPP”) fees, which are currently \$45,000 per year. These fees may increase but the FIP fees will not exceed \$50,000 per each stage of FIP, the BCP fees will not exceed \$100,000 per year, and the BPP fees will not exceed \$100,000 per year (these caps may increase by up to 10% per year). See Note 4	As incurred	In addition to the FIP, BCP and BPP fees, you must reimburse us for all costs, actions and additional training for your personnel. You must also participate in best rate guarantee and guest satisfaction programs, and/or requirements to effect credits or discounts to guests, as we determine according to System Standards. We may introduce alternative or additional compliance programs in the future. See Note 4
On-site quality assurance inspections	Currently \$1,500 to \$2,000 per annual inspection, but could increase if our costs increase, not to exceed \$10,000 per annual inspection (this cap may increase by up to 10% each year)	As incurred	You must also pay for any re-inspection needed due to a failed inspection (currently, \$2,000 per inspection and which will not exceed \$20,000 per inspection, but this cap may increase by up to 10% each year) and reverse the folio charge for the inspection company. See Note 4
Additional training and assistance	\$1,500 per trainer per day plus our expenses, but could increase if our costs increase, not to exceed \$5,000 per trainer per day plus our expenses (this cap may increase by up to 10% each year)	As incurred	Due if you request, or we require, supplemental or optional training programs, including replacement training for new Core Management personnel hired after the Hotel opens. You also pay for the incurred travel, lodging, and other expenses for your attendees

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
PMS subscription fees	Currently \$3.90 per room per month, but could increase if costs increase, <u>not to exceed \$10.00 per guest room per month (this cap may increase by up to 10% each year)</u>	Monthly	Our designated vendor currently charges \$3.90 per guest room per month for the PMS subscription service. We will invoice your Hotel as a pass-through without any additional charge. The subscription fee may be subject to increase by our vendor and we may pass on any adjustment to you with notice.
Training tools and materials	Currently \$3.64 per guest room per year, but could increase if our costs increase, <u>not to exceed \$20.00 per guest room per year (this cap may increase by up to 10% each year)</u>	Annually	Covers the cost of developing certain training tools and materials relating to Hyatt standards and policies
Fees for owner convention	Currently \$2,000 to \$5,000 per attendee, but could increase if our costs increase, <u>not to exceed \$15,000 per attendee (this cap may increase by up to 10% each year)</u>	As incurred (typically before the convention)	We and our affiliates hold owner conventions when we or they determine, typically annually or biennially. In addition to the fee for attendance, you must pay for the incurred travel, lodging, and other expenses for your attendees
Fees for leadership summit	Currently \$3,000 to \$6,000 per attendee, but could increase if our costs increase, <u>not to exceed \$15,000 per attendee (this cap may increase by up to 10% each year)</u>	As incurred (typically before the leadership summit)	We and our affiliates periodically hold leadership summits that we recommend or may require your Hotel's general manager and/or above-property leaders to attend. Currently, a leadership summit occurs approximately once every 4 years. In addition to the fee for attendance, you must pay the travel, lodging, and other expenses for your attendees

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Application Fee for new guest rooms (added after Hotel opens)	Greater of the then current PIP fee, currently \$10,000, or \$500 times number of new guest rooms, <u>not to exceed the greater of \$20,000 or \$1,000 times number of new guest rooms (this cap may increase by up to 10% each year)</u>	PIP fee, currently \$10,000, due when you request approval, remainder due when we approve plans	Due only if you propose adding new guest rooms to the Hotel during Franchise Agreement's term
General Manager University	Currently \$2,700 per newly hired or promoted general manager, but could increase if costs increase, <u>not to exceed \$7,500 per newly hired or promoted general manager (this cap may increase by up to 10% each year)</u>	As incurred	Required training program for all newly hired or recently promoted general managers. In addition to the fee for attendance, you must pay the travel, lodging and other expenses for your attendees
Operator approval fee and re-entry fees	Currently \$30,000 to \$60,000, but could increase, <u>not to exceed \$100,000 (this cap may increase by up to 10% each year)</u>	Before the new management company enters our operator screening process	Applies if you appoint a new management company to operate the Hotel if that new management company is not already an approved operator of Brand Hotels
Transfer fee	No fee for transfers, but you or the transferee must pay the then-current amount of the Application Fee, <u>not to exceed \$200,000 (this cap may increase by up to 10% each year)</u>	Together with transfer application	Applies to control transfers. We will refund the Application Fee paid (less \$7,500) if we disapprove transfer
Fee for review of offering materials	\$5,000	When submitting materials for our review	Due only if you or your owners propose offering of ownership interests in you or an owner
PIP fee for successor franchise	Then current PIP fee – currently \$10,000, but could increase, <u>not to exceed \$20,000 (this cap may increase by up to 10% each year)</u>	With franchise application for a successor franchise	Due only if you are applying for a successor franchise

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty fee upon termination	\$5,000 per day plus our costs and expenses	As incurred	Due only if, and while, you fail to properly de-identify the Hotel after expiration or termination
Liquidated damages upon termination	See Note 5	15 days after termination	Due if Franchise Agreement terminates before its term expires
Audit expenses	Cost of audit	As incurred	Due only if our audit reveals an understatement of 3% or more or if you fail to report on time or willfully underpay amounts
Late fee and interest	\$225 late fee plus lesser of 1½% per month or the highest rate law allows	As incurred	Late fee is due on all overdue amounts. Interest is due on all amounts more than 7 days late or not available for withdrawal by due date
Costs and attorneys' fees	Will vary under circumstances <u>Actual costs and fees</u>	As incurred	Due if we prevail in dispute
Indemnification	Will vary under circumstances <u>Actual costs</u>	As incurred	You must reimburse us and related parties for all claims and related costs arising from your application, the Hotel's development or operation (including failure to open on time), your breach, and your Hotel's proportionate share of our expenses in defending or controlling the defense of actions that involve both the Hotel and any other Hyatt Network Hotel
Review of alternative product/supplier	Our <u>actual</u> costs, currently \$20,000 for review of alternative products or suppliers	As incurred	Due only if you require our approval of supplier or item

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Consultant approval fees for required renovations	Our <u>actual</u> costs. Currently \$2,000 to \$30,000 for review of consultants you propose to assess whether the consultant(s) meet our requirements for renovation projects; cost varies based on number of consultants and scope of review	As incurred	Due if you require our approval of consultant(s)
Insurance	Premiums and our costs plus fee € . <u>The fee is currently \$200 per guest room per year; will not exceed \$500 per guest room per year (this cap may increase by up to 10% each year)</u>	As incurred	If you fail to obtain and maintain insurance, we may (if we choose) obtain it on your behalf and charge you our premiums and costs, plus a fee

System Services, System Services Costs, and System Services Charges

If you are in full compliance with your obligations under the Franchise Agreement, one or more members of the Hyatt Group will provide you those System Services we periodically specify. You must participate in all Mandatory Services and related programs, and may (at your option) participate in any or all Non-Mandatory Services and related programs, in the manner that we periodically specify. “System Services” means those services that the Hyatt Group generally and periodically makes available on a central, regional, or other shared or group basis (whether in whole or in part) to those Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be provided those services. We categorize System Services as either Mandatory Services or Non-Mandatory Services. “Mandatory Services” means those mandatory System Services that one or more members of the Hyatt Group provides to the Hotel and certain other Brand Hotels and other Hyatt Network Hotels, and that the Hyatt Group reasonably determines must be acquired only from the Hyatt Group. “Non-Mandatory Services” means those non-mandatory System Services that one or more members of the Hyatt Group provides to the Hotel and certain other Brand Hotels and other Hyatt Network Hotels that the Hyatt Group reasonably determines will be offered to the Hotel and certain other Brand Hotels and other Hyatt Network Hotels on an optional basis.

We may periodically add to, delete from, and otherwise modify System Services, the scope of and manner of providing System Services upon written notice to you. “System Services Costs” means, for the System Services in which the Hotel participates (or is required to participate), all costs that the Hyatt Group actually incurs or properly accrues during the period of determination in providing those System Services, including out-of-pocket expenses, costs for employees, occupancy costs, capital costs, administrative expenses, carrying costs and other

costs. Any allocation of shared costs that the Hyatt Group makes in good faith and with the intention of fairly allocating those costs to System Services is binding on us and you. The Hyatt Group may vary these allocations depending on, among other things, the specific brand, size or market positioning of the Hotel. System Services Costs include the actual costs that the Hyatt Group incurs and are not subject to any mark-up, premium or profit on any Mandatory Services, but may include a profit or mark-up component on Non-Mandatory Services.

“System Services Charges” means the amounts that the Hyatt Group charges the Hotel, and you will pay, for the Hotel’s equitably allocable share of the System Services Costs attributable to the System Services in which the Hotel participates (or is obligated to participate), as the Hyatt Group periodically determines them. The Hyatt Group determines System Services Charges on the same basis as it determines those amounts for other Brand Hotels and Hyatt Network Hotels that we periodically and reasonably determine are similarly situated with the Hotel (subject to Reasonable Deviations (as defined in Item 8) and that participate in those System Services in the same manner (collectively, “Participating Hotels”). The Hyatt Group may in its reasonable discretion periodically change its method of allocation of the System Services Costs among Participating Hotels, and the categories of Brand Hotels and/or other Hyatt Network Hotels that are classified as Participating Hotels, but will at all times determine the method of allocation and categories of Participating Hotels on a reasonable, equitable and non-discriminatory basis.

Current System Services Charges for Mandatory Services

The following reflects the current System Services Charges for the current Mandatory Services. These amounts are estimates, and may change over time and/or as our and the Hyatt Group’s costs of providing Mandatory Services changes.

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Commercial Services Fee	Currently 3.5% of Gross Rooms Revenue, but could increase if costs increase, <u>not to exceed 7% of Gross Rooms Revenue (this cap may increase by up to 10% each year)</u>	Payment Day, based on Gross Rooms Revenue during previous month	See Note 6

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Digital Acquisition Fee	Currently 1.35% of Gross Rooms Revenue through the Digital Channels, but could increase if costs or scope of services increase, <u>not to exceed 5% of Gross Rooms Revenue through the Digital Channels (this cap may increase by up to 10% each year)</u>	Payment Day	See Note 7
Global distribution services and other reservation services	Currently averages about \$8.50 per reservation, but could increase if costs increase, <u>not to exceed \$15.00 per reservation (this cap may increase by up to 10% each year)</u>	Payment Day	At our option, you must subscribe to certain GDS and/or ADS through us. See Note 8
Costs for mandatory contracts	Your allocable share of Hyatt Group's costs, currently \$1,500 to \$7,500 per month but could increase if costs increase, <u>not to exceed \$25,000 per month (this cap may increase by up to 10% each year)</u>	Payment Day	Covers contracts with vendors or service providers (like certain credit card acceptance agreements, music license agreements and telecommunications agreements) that cover the Hotel and all or certain subsets of Brand Hotels. See Note 9
Other corporate services	Your share of Hyatt Group's costs, currently \$500 to \$5,000 per month, but could increase if costs increase, <u>not to exceed \$25,000 per month (this cap may increase by up to 10% each year)</u>	Payment Day	See Note 10

Current System Services Charges for Non-Mandatory Services

The following reflects the current System Services Charges for the current Non-Mandatory Services. Currently you may choose to use, or not use, any of these Non-Mandatory Services at your Hotel.

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Field Marketing Program	Will vary depending on service tier selected. Currently, \$1,027 to \$2,883 per month, but could increase if costs increase, <u>not to exceed \$10,000 per month (this cap may increase by up to 10% each year)</u>	As incurred	Applies under the Field Marketing Program Schedule to the Central Services Terms (the “Field Marketing Program Schedule”). See Note 11
Revenue Management Services Program	Currently \$1,000 per month for Tactical Tier; \$2,100 per month for Essential Tier; and \$3,675 per month for Premium Tier, but could increase if costs increase, <u>not to exceed \$5,000 per month for Tactical Tier, \$7,500 per month for Essential Tier, or \$10,000 per month for Premium Tier (these caps may increase by up to 10% each year)</u>	Within 30 days after receiving invoice	Applies under the Revenue Management Services Program Schedule. See Note 11
Central Sales Services Program	Will vary depending on services selected. Currently, \$1,500 to \$4,500 per month for lead specialist services; \$1,700 to \$3,400 per month for transient sales services; and \$3,375 per month for administrative support services, but could increase if costs increase, <u>not to exceed \$10,000 per month for lead specialist services, transient sales services, or administrative support services (these caps may increase by up to 10% each year)</u>	As incurred	Applies under the Central Sales Services Program Schedule to the Central Services Terms (the “Central Sales Services Program Schedule”). See Note 11

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Purchasing services	Will vary depending on items purchased, <u>but will not exceed our or our affiliates' actual costs and expenses plus 5% (this cap may increase by up to 10% each year)</u>	As incurred	You might choose to buy items through our affiliate
Optional corporate services	Actual costs, which will vary depending on assistance needed	As incurred	The Hyatt Group corporate office may provide temporary employees for your Hotel at your request
Other related party transactions	Will vary depending on assistance provided and other circumstances, <u>but will not exceed our or our affiliates' actual costs and expenses plus 5% (this cap may increase by up to 10% each year)</u>	As incurred	Your Hotel will routinely engage in transactions with Brand Hotels and other Hyatt Network Hotels, some of which our affiliate may own or operate. For example, your Hotel may pay for using another hotel's staff (during high demand periods) or for another hotel redeeming quality assurance certificates that your Hotel previously issued to resolve a guest service problem at the Hotel
Optional technology services	Will vary depending on service(s) you acquire, <u>but will not exceed our or our affiliates' actual costs and expenses plus 5% (this cap may increase by up to 10% each year)</u>	As incurred	Covers some point-of-sale, accounting, procurement, guest service and other IT-related services that you may choose to acquire.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Hyatt Sales Force (“HSF”) national sales team booking fees	<ul style="list-style-type: none"> • 6% (reduced to 3% if an intermediary is involved) of the Group Contract Revenue for group bookings resulting from HSF leads, but in neither case exceeding \$30,000 (this cap may increase by up to 10% each year); • 3% of Gross Rooms Revenue per transient room night resulting from HSF leads; and • 1% of Gross Rooms Revenue per room night for leads generated from the sales sourcing center (e.g., referrals) 	As incurred	<p>HSF offers sales services to Brand Hotels and other Hyatt Network Hotels for small to mid-sized accounts on a local/regional basis. Your acceptance of the business that HSF generates is optional and fees only apply to bookings that your Hotel confirms.</p> <p>“Group Contract Revenue” means 90% of the total revenue included in the group contract</p>

In addition to any sales, use and other taxes that applicable law requires or permits us to collect from you for providing goods or services under the Franchise Agreement, you must pay us all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on us or that we are required to withhold relating to the receipt or accrual of amounts you pay us under the Franchise Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated based on our net income, capital, net worth, gross receipts, or some other basis or combination of those factors, but not excluding any gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You must make these additional required payments in an amount necessary to provide us with after-tax receipts (taking into account any additional required payments) equal to the same amounts that we would have received if the additional tax liability or withholding had not been imposed or required.

Explanatory Notes to All Charts

1. Gross Rooms Revenue and Royalty Fee. “Gross Rooms Revenue” means “Total Rooms Revenue” or its equivalent, as determined in accordance with the Uniform System of Accounts for the Lodging Industry, Eleventh Edition, as published by the Educational Institute of the American Hotel and Motel Association, 2014, or a later edition that we approve, plus any revenue from resort fees, destination fees, or similar mandatory charges. If you receive any proceeds from any business interruption insurance applicable to the rental of rooms at the Hotel, then there will be added to Gross Rooms Revenue an amount equal to the imputed gross revenues that the insurer used to calculate those proceeds. Inclusion of resort fees, destination fees, or similar fees in “Gross Rooms Revenue” does not constitute our approval of or

before they arrive. If the guest purchases the room upgrade, you must pay the Hyatt Group a commission on the additional revenue. That commission currently is 5% of the difference between the Gross Rooms Revenue at the upgraded rate and the Gross Rooms Revenue at the rate the guest originally booked, excluding taxes (the “Upsell Revenue”). The Upsell Revenue currently does not include any additional revenue resulting from the upgrade, such as early arrival fees and additional revenue derived from upgrades to the F&B Operations. The Upsell Revenue will not exceed 15% of the difference between the Gross Rooms Revenue at the upgraded rate and the Gross Rooms Revenue at the rate the guest originally booked, excluding taxes (this cap may increase by up to 10% each year).

11. Central Hotel Services by Hyatt Program. The Hyatt Group currently offers to Participating Hotels centralized resources to guide, support, and augment local and on-property services that leverage the expertise of our designated specialty teams for a fee (which may contain a profit component, not to exceed a competitive amount), pursuant to the Central Services Terms and the various schedules attached to such terms and conditions for the following services: field marketing, revenue management services, and central sales services. Inclusions and deliverables for each program vary by service level. Central hotel services are generally Non-Mandatory Services but in certain circumstances may be designated as Mandatory Services as a condition of our approval of the Hotel’s management company, as consideration for other items negotiated as part of the Franchise Agreement, or as part of the requirements of our Quality Assurance and Compliance Program.

12. Potential Increases. Some of the fees listed above are identified as our “current” fees or as otherwise subject to increase. For those fees only, we have the right to increase the fee and the corresponding fee cap during the term of your Franchise Agreement as indicated. If we do not exercise any right to increase during one or more calendar years, the unused increase will carry forward and may be applied in any subsequent year. The fact that we have the right to increase a fee or a fee cap up to this maximum does not mean that we will do so. We may choose not to increase any fee or any fee cap at all, or we may increase a fee or a fee cap by less than the maximum amount.

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Application Fee (1)	\$95,000	Lump sum	Upon signing franchise application	Us